

CHAPTER 2748
DEPARTMENT OF COMMERCE
2001 COMMISSIONERS STANDARD ORDINARY
MORTALITY TABLE

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2748.0010 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 2748.0010 to 2748.0050, the terms defined in subparts 2 to 6 have the meanings given them.

Subp. 2. **2001 CSO Mortality Table.** "2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, and adopted by the National Association of Insurance Commissioners in December 2002. The 2001 CSO Mortality Table is included in the *Proceedings of the NAIC (2nd Quarter 2002)*. Unless the context indicates otherwise, the "2001 CSO Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last birthday bases of the mortality tables.

Subp. 3. **2001 CSO Mortality Table (F).** "2001 CSO Mortality Table (F)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table.

Subp. 4. **2001 CSO Mortality Table (M).** "2001 CSO Mortality Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table.

Subp. 5. **Composite mortality tables.** "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.

Subp. 6. **Smoker and nonsmoker mortality tables.** "Smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

Statutory Authority: *MS s 45.023; 61A.24; 61A.25*

History: *28 SR 1039*

2748.0020 2001 CSO MORTALITY TABLE.

Subpart 1. **Permissive use.** At the election of the company for any one or more specified plans of insurance and subject to the conditions stated in parts 2748.0010 to 2748.0050, the 2001 CSO Mortality Table may be used as the minimum standard for policies issued on or after January 1, 2004, and before the date specified in subpart 2 to which part 2747.0030, subparts 1 and 2 and Minnesota Statutes, sections 61A.24, subdivision 12, paragraph (h), clause (6), and 61A.25, subdivision 3, paragraph (a), clause (3), are applicable. If the company elects to use the 2001 CSO Mortality Table, it shall do so for both valuation and nonforfeiture purposes.

Subp. 2. **Required use.** Subject to the conditions stated in parts 2748.0010 to 2748.0050, the 2001 CSO Mortality Table must be used in determining minimum standards for policies issued on and after January 1, 2009, to which part 2747.0030, subparts 1 and 2, and Minnesota Statutes, sections 61A.24, subdivision 12, paragraph (h), clause (6), and 61A.25, subdivision 3, paragraph (a), clause (3), are applicable.

Subp. 3. **Incorporation by reference.** The 2001 CSO Mortality Table adopted by the National Association of Insurance Commissioners, December 2002, is incorporated by reference. It is not subject to frequent change and is available at the State Law Library.

Statutory Authority: *MS s 45.023; 61A.24; 61A.25*

History: *28 SR 1039*

2748.0030 CONDITIONS.

Subpart 1. **Plans with separate smoker/nonsmoker rates.** For each plan of insurance with separate rates for smokers and nonsmokers, an insurer may use:

A. composite mortality tables to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits;

B. smoker and nonsmoker mortality tables to determine the valuation net premiums and additional minimum reserves, if any, required by Minnesota Statutes, section 61A.25, subdivision 7, and use composite mortality tables to determine the basic minimum reserves, minimum cash surrender values, and amounts of paid-up nonforfeiture benefits; or

C. smoker and nonsmoker mortality to determine minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

Subp. 2. **Plans without separate smoker/nonsmoker rates.** For plans of insurance without separate rates for smokers and nonsmokers, the composite mortality tables must be used.

Subp. 3. **Use of table for determining minimum reserve liabilities and minimum cash surrender values.** For the purpose of determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits, the 2001 CSO Mortality Table may, at the option of the company for each plan of insurance, be used in its ultimate or select and ultimate form, subject to the restrictions of parts 2747.0030, 2747.0040, 2747.0050, and 2748.0040 relative to use of the select and ultimate form.

Subp. 4. **Table as minimum reserve standard; actuarial opinion.** When the 2001 CSO Mortality Table is the minimum reserve standard for any plan for a company, the actuarial opinion in the annual statement filed with the commissioner must be based on an asset adequacy analysis as specified in parts 2711.0080 to 2711.0100. The commissioner may exempt a company from this requirement if it only does business in this state and in no other state.

Statutory Authority: *MS s 45.023; 61A.24; 61A.25*

History: *28 SR 1039*

2748.0040 APPLICABILITY OF 2001 CSO MORTALITY TABLE TO PARTS 2747.0010 TO 2747.0060.

Subpart 1. **Application to specific rule parts.** The 2001 CSO Mortality Table may be used in applying parts 2747.0010 to 2747.0060 in the following manner, subject to the transition dates for use of the 2001 CSO Mortality Table in part 2748.0020:

A. Part 2747.0010, subpart 2, item B, subitem (2): The net level reserve premium is based on the ultimate mortality rates in the 2001 CSO Mortality Table.

B. Part 2747.0020, subpart 3: All calculations are made using the 2001 CSO Mortality Rate, and, if elected, the optional minimum mortality standard for deficiency reserves stipulated in item D. The value of " $q_{x+k+t-1}$ " is the valuation mortality rate for deficiency reserves in policy year $k+t$, but using the unmodified select mortality rates if modified select mortality rates are used in the computation of deficiency reserves.

C. Part 2747.0030, subpart 1: The 2001 CSO Mortality Table is the minimum standard for basic reserves.

D. Part 2747.0030, subpart 2: The 2001 CSO Mortality Table is the minimum standard for deficiency reserves. If select mortality rates are used, they may be multiplied

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by X percent for durations in the first segment, subject to the conditions specified in part 2747.0030, subpart 2, and item C, subitems (1) to (9). In demonstrating compliance with those conditions, the demonstrations may not combine the results of tests that utilize the 1980 CSO Mortality Table with those tests that utilize the 2001 CSO Mortality Table, unless the combination is explicitly required by regulation or necessary to be in compliance with relevant Actuarial Standards of Practice.

E. Part 2747.0040, subpart 3: The valuation mortality table used in determining the tabular cost of insurance shall be the ultimate mortality rates in the 2001 CSO Mortality Table.

F. Part 2747.0040, subpart 5, item D: The calculations specified in part 2747.0040, subpart 5, shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

G. Part 2747.0040, subpart 6, item D: The calculations specified in part 2747.0040, subpart 6, shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

H. Part 2747.0040, subpart 7, item B: The calculations specified in part 2747.0040, subpart 7, shall use the ultimate mortality rates in the 2001 CSO Mortality Table.

I. Part 2747.0050, subpart 1, item A, subitem (2): The one-year valuation premium shall be calculated using the ultimate mortality rates in the 2001 CSO Mortality Table.

Subp. 2. **Exemptions retained.** Nothing in this part shall be construed to expand the applicability of parts 2747.0010 to 2747.0060 to include life insurance policies exempted under part 2747.0010, subpart 2.

Statutory Authority: *MS s 45.023; 61A.24; 61A.25*

History: *28 SR 1039*

2748.0050 GENDER-BLENDED TABLES.

Subpart 1. **Use authorized.** For any ordinary life insurance policy delivered or issued for delivery in this state on and after January 1, 2004, that utilizes the same premium rates and charges for male and female lives or is issued in circumstances where applicable law does not permit distinctions on the basis of gender, a mortality table that is a blend of the 2001 CSO Mortality Table (M) and the 2001 CSO Mortality Table (F) may, at the option of the company for each plan of insurance, be substituted for the 2001 CSO Mortality Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits. No change in minimum valuation standards is implied by this subpart.

Subp. 2. **Choices.** The company may choose from among the blended tables developed by the American Academy of Actuaries CSO Task Force and adopted by the National Association of Insurance Commissioners in December 2002.

Subp. 3. **As violation of unfair trade practices statute.** It is not, in and of itself, a violation of Minnesota Statutes, sections 72A.17 to 72A.32 for an insurer to issue the same kind of policy of life insurance on both a sex-distinct and sex-neutral basis.

Statutory Authority: *MS s 45.023; 61A.24; 61A.25*

History: *28 SR 1039*